

COMPLIANCE AUDIT

Quarryville Firemen's Relief Association of the Borough of Quarryville, Lancaster County, Pennsylvania

For the Period
January 1, 2021, to December 31, 2024

October 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Mr. Timothy C. Cox, President
Quarryville Firemen's Relief Association
of the Borough of Quarryville,
Lancaster County, Pennsylvania

We have conducted a compliance audit of the Quarryville Firemen's Relief Association of the Borough of Quarryville, Lancaster County, Pennsylvania (relief association) for the period January 1, 2021, to December 31, 2024. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

The objectives of the audit were:

1. To determine if the relief association took appropriate corrective action to address the findings contained in our prior audit report.
2. To determine if the relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

Our audit was limited to the areas related to the objectives identified above and was not, nor was it required to be, conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief association funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

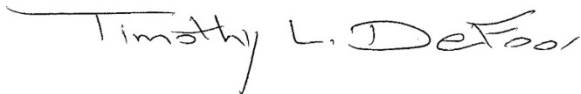
Based on our audit procedures, we conclude that, for the period January 1, 2021, to December 31, 2024:

- The relief association took appropriate corrective action to address the findings contained in our prior audit report.
- The relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the findings listed below and discussed later in this report.

Finding No. 1 – Failure To Maintain Minutes Of Relief Association Meetings

Finding No. 2 – Failure To Disclose Related Party Transactions

The contents of this report were discussed with the management of the relief association and, where appropriate, their responses have been included in the report. We would like to thank the relief association officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor
Auditor General
September 26, 2025

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,¹ Section 403 of The Fiscal Code,² and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),³ the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law, commonly referred to as Act 205,⁴ are properly expended.

The relief association is a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

The VFRA Act governs the overall operation of volunteer firefighters' relief associations. Relief association bylaws define the specific operational procedures by which relief associations conduct business. To fulfill its primary purpose, the VFRA Act authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by the VFRA Act, it is the responsibility of relief associations to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the relief association officers therefore have a responsibility to the public to conduct the relief association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all relief association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the relief association operates in accordance with applicable state laws, contracts, bylaws, and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations that is or are recognized as providing the service to the municipality.

¹ Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

The relief association was allocated state aid from the following municipalities:

Municipality	County	2021	2022	2023	2024
Colerain Township	Lancaster	\$13,314	\$16,927	\$16,655	\$16,905
East Drumore Township	Lancaster	\$14,532	\$18,187	\$18,169	\$18,420
Eden Township	Lancaster	\$10,693	\$13,560	\$13,342	\$13,553
Little Britain Township	Lancaster	\$ 2,000	\$ 2,500	\$ 2,500	\$ 2,500
Providence Township	Lancaster	\$ 9,494	\$11,745	\$11,665	\$11,948
Quarryville Borough	Lancaster	\$13,255	\$17,085	\$17,059	\$17,273

Based on the relief association's records, its total cash and investments as of December 31, 2024, were \$170,170, as illustrated below:

Cash	\$ 144,873
Fair Value of Investments	<u>25,297</u>
Total Cash and Investments	<u>\$ 170,170</u>

BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2021, to December 31, 2024, were \$315,220, as noted below. The accuracy of these expenditures was evaluated as part of the Department's audit to conclude on the relief association's compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.⁵ **The scope of the Department's audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Benefit Services:

Insurance premiums	\$ 21,934
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Fire Services:

Equipment purchased	\$ 190,913
Equipment maintenance	45,675
Training expenses	21,419
Fire prevention materials	6,535

Total Fire Services	\$ 264,542
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Administrative Services:

Bond premiums	\$ 1,480
Other administrative expenses	2,178

Total Administrative Services	\$ 3,658
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Total Investments Purchased	\$ 25,000
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Other Expenditures:

Unauthorized expenditures *	\$ 86
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Total Expenditures	\$ 315,220
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* During calendar years 2021 and 2022, the relief association made insignificant disbursements in the amount of \$65 and \$21, respectively, for the unauthorized payment of sales tax on purchases that were authorized under the VFRA Act. We disclosed these issues to relief association officials on April 15, 2025, but we did not include a finding in this report due to the relatively low dollar amount.

⁵ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

BACKGROUND – (Continued)

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The relief association is affiliated with the following fire service organization:

Quarryville Fire Company No. 1

QUARRYVILLE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
QUARRYVILLE, LANCASTER COUNTY, PENNSYLVANIA
STATUS OF PRIOR FINDINGS

COMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The relief association has complied with the prior audit findings and recommendations, as follows:

- Failure To Secure Ownership Interest In A Jointly Purchased Vehicle

By submitting a proper agreement on June 7, 2021 that met all requirements to secure ownership interest.

- Unauthorized Expenditures

By receiving reimbursement of \$757 from the affiliated fire company for the unauthorized expenditures made in the prior audit period.

QUARRYVILLE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
QUARRYVILLE, LANCASTER COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Failure To Maintain Minutes Of Relief Association Meetings

Condition: The relief association did not maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws for the current audit period. The relief association minutes did not include evidence of approval of all financial transaction that occurred during the audit period, attendance records, a sign-in sheet of members present, and whether a quorum was present.

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

... must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

The relief association's bylaws at Article IV, Section 2 states, in part:

It shall be the duty of the Secretary to keep a true and accurate written record of the business conducted by the Association at its meetings. The minutes shall note authorization of all financial transactions and all other pertinent business discussed at meetings of the association.

Cause: The relief association officials indicated that they were unaware of requirements for the content of relief association meeting minutes.

Effect: Without maintaining detailed minutes of meetings, that address all financial-related transactions, and include attendance and quorum records, there is insufficient evidence that relief association business was documented and presented before the membership for approval.

Recommendation: We recommend that the relief association officials maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws, evidencing the discussion and approval of all financial-related business conducted by the relief association and whether quorum requirements were met. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management's Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

QUARRYVILLE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
QUARRYVILLE, LANCASTER COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Failure To Disclose Related Party Transactions

Condition: Related party transactions occur when the relief association does business with a vendor that employs a relief association member or is owned by a relief association officer or a member of an officer's immediate family. Such transactions may provide a less than arm's length financial benefit to the member, the officer, or member of the officer's immediate family through a commission or a profit from a sale. Relief association officials failed to disclose related party transactions to the relief association membership. The relief association conducted business with a vendor that employs a relief association officer. During the current audit period, transactions between the relief association and the related party totaled \$17,869.

Criteria: Prudent business practices dictate that all potential related party transactions be disclosed to the membership and recorded in the minutes of relief association meetings. In addition, all members and/or officers involved with a business that is party to the related party transaction should abstain from all voting on matters involving such transactions.

The relief association's bylaws at Article XI, Conflict of Interest, states:

While in the purchase of any item or items it is found that any member or officer of the Association could stand to gain financially from such a purchase this person or persons shall not make any motions nor shall vote on such motions that will put this person or persons in conflict of interest.

Cause: Relief association officials stated the officer who is employed by a vendor abstained from voting on matters involving its business. However, relief association officials did not provide meeting minutes that contained evidence of abstention, or any other actions taken to eliminate the appearance of conflicts of interest.

Effect: Failure to properly disclose related party transactions may create potential conflicts of interest which could result in the relief association being involved in less than arm's length financial transactions.

Recommendation: We recommend that the relief association officials take the actions necessary to eliminate the appearance of conflicts of interests. Actions should include, but are not limited to, written notification to the relief association membership of each related party transaction, and the abstention of the related party from decisions and voting on matters involving the related party transactions. These actions should be documented in the relief association's minutes of meetings. Furthermore, the relief association officials should closely review all related party transactions to ensure that the transactions are conducted as an arm's length transaction, i.e., the cost of the services rendered by the firm is competitive.

QUARRYVILLE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
QUARRYVILLE, LANCASTER COUNTY, PENNSYLVANIA
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Management Response: Relief association management agreed with the finding as presented at the audit exit conference and indicated they will take action to comply with the recommendation.

Auditor's Conclusion: Compliance will be subject to verification during the next audit.

QUARRYVILLE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
QUARRYVILLE, LANCASTER COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Quarryville Firemen's Relief Association of the Borough of Quarryville, Lancaster County,
Pennsylvania Governing Body:

Mr. Timothy C. Cox
President

Mr. Brian Henry
Vice President

Ms. Sherry L. Wertz
Secretary

Mr. Michael R. Ross
Treasurer

Mr. James P. Herr
Director

Mr. Michael H. Tome
Director

Mr. Thomas E. Worrell
Director

QUARRYVILLE FIREMEN'S RELIEF ASSOCIATION OF THE BOROUGH OF
QUARRYVILLE, LANCASTER COUNTY, PENNSYLVANIA
REPORT DISTRIBUTION LIST

The following municipalities allocated foreign fire insurance tax monies to this relief association and received a copy of this report:

Ms. Carmen B. Wiker

Secretary
Colerain Township

Ms. Kerri Kreider

Secretary
East Drumore Township

Ms. Szilvia Troutman

Secretary
Eden Township

Ms. Margaret DeCarolis

Secretary
Little Britain Township

Ms. Vicki L. Eldridge

Secretary
Providence Township

Mr. Scott E. Peiffer

Secretary
Quarryville Borough

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.